



Stewardship “End Results” Contracting Guidance Version 2.0

BLM “End Results” Stewardship Contracting Guidance

This document provides guidance for preparing, implementing and tracking BLM stewardship projects in accordance with the *Omnibus Appropriations Bill of 2003 (Public Law 108-7, Section 323)*. Questions concerning this guidance should be directed to Scott Lieurance 202-452-0316 (Forests and Woodlands Group); Erik Christiansen 208-387-5163 (Hazardous Fuels); or Helen Curlee 202-452-5147 (Procurement).

Authorization: Stewardship contracting is authorized under the *Omnibus Appropriations Bill of 2003 (P.L.108-7, Section 323)* which amended the *Appropriations Bill of 1999 (P.L.105-277, Sec. 347)*. It granted the Forest Service (FS) and Bureau of Land Management (BLM) authority until September 30, 2013, to enter into stewardship projects with private persons or public or private entities, by contract or by agreement, to perform services to achieve land management goals for the National Forests or public lands that meet local and rural community needs.

Items in bold are supplement to the original guidance issued January 14, 2004.

A. General

1. Stewardship projects are used to accomplish one or more of the goals in P.L.108-7, Section 323, where the BLM enters into contracts or agreement for services to achieve land management goals and meet local and rural community needs. A source for performance under a contract must be selected on a best value basis. The legislation authorizes the value of vegetative material to be applied as an offset against the cost of services received and stipulates that multi-year contracts may exceed five years but may not exceed ten years.
2. Stewardship contracting is not a replacement for the Bureau’s established timber sale **or grazing** programs. Forest management projects designed primarily to enhance volume are not suitable for stewardship contracting. **Projects which include forage that is currently authorized under and can be removed using established grazing permit(s) or lease(s) are not suitable for stewardship contracting. Vegetative treatments which could be accomplished under the established grazing program should be addressed within the regulations of the Bureau’s grazing program (43 CFR 4100) whenever possible. If it is determined that the vegetation treatment cannot be accomplished using a grazing permit or lease (or the forage has been advertised as available and no applications for a grazing permit/lease are received), the reasons must be documented in the project description prior to project approval.**
3. All stewardship projects must comply with applicable environmental laws and regulations, including the appropriate level of environmental review under the National Environmental Policy Act (NEPA), and must be consistent with the applicable land use plans.
4. Field units **are encouraged** to use stewardship contracting as a tool to achieve resource work identified through the normal planning processes and as described in the 10 year Implementation Plan for the National Fire Plan.

5. Any vegetative material removal must be a by-product of the stewardship contracting project goals. See section C.1(a-g). Removal of these products must be consistent with the objectives developed through the collaborative process and the applicable land use plan objectives.

B. Roles and Responsibilities

1. Washington Office

- a. The responsibility of the Washington Office (WO) AD-200 Directorate is to work with the WO AD-800 Directorate, the National Office of Fire and Aviation, and the BLM National Business Center to develop and implement automated methodology to track the value of goods exchanged and services provided in conjunction with stewardship projects.
- b. AD-200 will produce the annual report to Congress required by the authorizing legislation.
- c. **WO-200 and WO-800 will implement a management control review process to maintain a high level of accountability for stewardship contracting. This review will complement the multi-party monitoring required by the authorizing legislation.**
- d. **AD-800 will process requests for delegation of stewardship contracting authority.**

2. State Office

- a. ☐ State Director
 - i. **State Director will approve all proposed stewardship projects. Following approval, the project review and Budget Planning System (BPS) submission will be forwarded to WO-270 (Exhibits 1 and 2).**
 - ii. State Directors must ensure that field offices complete the reporting and tracking requirements identified in this guidance.
 - iii. State Directors will set priorities for stewardship projects within their State.
 - iv. The proper use and management of stewardship contracting authority must be assessed as a normal part of BLM statewide or national resource program and activity reviews for those programs utilizing the authority. Particular programs of interest include Forest Management, Procurement and Acquisition, and Fire/Fuels Management.
- b. Stewardship Coordinators - Each State has assigned a stewardship coordinator for their respective state. Responsibilities of the stewardship coordinator include:
 - i. Clarifies stewardship contracting guidance.
 - ii. **Reviews all proposed projects to ensure stewardship objectives are met and documented with the attached stewardship Project Review and Checklist (Exhibit 1). Initial project information shall be entered in the Stewardship**

- Contracting Information Database (SCID) upon approval by the State Director.**
- iii. **Forwards the project checklist and approval to WO-270 within 2 weeks of State Director approval.**
 - iv. **Assigns monthly reporting responsibility in SCID to the Contracting Officers Representative/Project Inspector/Contract Administrator (COR/PI/CA) upon contract award.**
 - v. **Ensures project reporting is accurate and timely, and financial accountability and accomplishments are reported monthly.**
 - vi. Solicits Field Office feedback and makes recommendations to the WO on methods to improve the effectiveness of stewardship contracting.
 - vii. **Assigns a unique project code and enters in SCID. See section D(4).**
- c. **State Forestry and Range Program Leads will review all applicable stewardship contracts or agreements to ensure program standards are followed, including volume or quantity determination, appraisal policies, and value determination (see section F(2) and F(3)).**
- d. **Only those Contracting Officers/Assistance Officers who have completed a stewardship contracting course and have been delegated stewardship contracting authority in IM No. 2005-134 may enter into stewardship cooperative agreements.**

3. Field Office

- a. Project Leaders
 - i. **Submit proposed stewardship projects to the state coordinators using the BPS format (Exhibit 2), Stewardship Proposal Format, including fuels funded projects. All submissions must contain: project objectives, location/size, type of treatment in detail, partners, and collaborative processes used, length of project, status of NEPA, issues and highlights and a list of contacts for project details.**
 - ii. During all phases of stewardship contracting, i.e. planning, contract development, funding, implementation and monitoring, the process will be integrated with other Field Office programs and activities utilizing multiple resource specialists, including acquisition personnel.
- b. Contracting Officer's Representative (COR) - The COR is the on-the-ground administrator for the Contracting Officer. The COR authorities and responsibilities are defined in the COR Designation Letter. The COR is authorized to clarify technical requirements, and to review and approve work clearly within the scope of work. The COR is NOT authorized to issue changes pursuant to the changes clause or to in any other way modify the scope of work.

- c. Project Inspector (PI) – The PI is the person(s) designated by the COR to perform, as needed, on-the-job government inspection of work accomplished by the Contractor. The PI is responsible for checking the Contractor’s compliance with the technical specifications, drawings, work schedule, and labor provisions at the site of the work.
- d. **Authorized Officers – When using the forest product sales contracts for stewardship projects, the Field Manager is the Authorized Officer.**

C. Project Design

1. The primary objective of a stewardship contracting project is to achieve one or more of the land management goals that meet local and rural community needs. These goals as identified in the authorizing legislation, may include, but are not limited to:
 - a. road and trail maintenance or obliteration to restore or maintain water quality;
 - b. soil productivity, habitat for wildlife and fisheries, or other resource values;
 - c. setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat;
 - d. removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives;
 - e. watershed restoration and maintenance;
 - f. restoration and maintenance of wildlife and fish habitat; and
 - g. control of noxious and exotic weeds and re-establishing native plant species.
2. When designing stewardship contracting projects, consider projects involving treatments and techniques available to make forests, woodlands, and rangelands more resilient to natural disturbances such as fire, insects, disease, wind, and flood.
3. For contracts or agreements exceeding five years in duration, Field Managers will include a concise rationale for the length of the project in the project documentation. This rationale should consider such factors as the scope of the project, the type of the material to be treated, the availability of local capacity to process and use the material being removed, and the potential development of new markets for small diameter material and biomass, as well as operational factors such as local weather patterns, sensitive wildlife species habitat use cycles, and seasonal restrictions for wildfire prevention.
4. An open, collaborative process shall be used to identify the local and rural community needs. Seek early involvement of tribal governments and local government agencies, and any interested groups or individuals in various phases of project development and implementation. Utilize existing processes (publication of legal notices, newsletters, web-based information, etc.) to publicize the opportunity for public involvement and the availability of environmental documents. **The level of collaboration should match the size, complexity, duration and level of public interest in the stewardship project. For additional information on collaboration, see NEPA Handbook (H-1790) and Desktop Reference Guide to Collaborative Community-Based Planning**

(<http://web.webis.blm.gov/internal/wo-200/wo-270/DesktopReferenceGuide-Collaboration.pdf>).

5. **Any stewardship contracting project which uses livestock for vegetation treatments should not interfere with existing grazing permit(s) or lease(s) on public lands. The authorized officer and project lead shall consult, cooperate, and coordinate with permittees or lessees, the State and all applicable interested public during the development of any stewardship project that could potentially affect the use and efficient administration of an existing grazing allotment.**
6. **Joint BLM/FS Projects: When stewardship projects are planned, solicited and awarded jointly, the agencies should establish a Memorandum of Understanding (MOU) for management of the stewardship project. The MOU will establish the process used for planning, solicitation, administration and tracking of the contract or agreement. At all times, the non-lead agency (ordering agency) requirements for planning, solicitation and award will be incorporated into the MOU and adhered to during all phases of the joint project.**

D. Project Approval, Funding and Accomplishments

1. **Once a project has been developed to the point where there is a firm proposal, and the State intends to proceed with the project, each project will be approved by the State Director as described in B(2)(a) and B(3)(a).**
2. Funds from a number of appropriated subactivities and permanent operating accounts may fund stewardship contracting project planning, preparation, implementation, administration, and monitoring. Offices should use the benefiting subactivity concept in determining which funding is appropriate to use.
3. **All approved stewardship contracting projects will be funded and the accomplishments tracked through the appropriate database. Fuels will use NFORS; and all other subactivities will use BPS and Management Information System (MIS). All projects solicited through the procurement process will be entered in the Advance Procurement Plan (APP) as required.**
4. **Upon approval, each stewardship project will be assigned a special project code by the State stewardship coordinator, working with the appropriate budget office. Project codes that have already been assigned to fuels projects or Forest Ecosystem Health and Recovery Fund (5900) projects will be used. Other projects will be assigned new codes. All assigned special project codes will be used in SCID to track the accomplishments associated with the projects. Workload measures (PEs) will be recorded in SCID.**
5. **The SCID database will be used to monitor all stewardship projects and their financial and implementation progress. Each stewardship project will be entered into the database when the project is approved and periodically updated through project**

completion. This database tracks forest product financial information which is required for financial accountability. See B(2)(b)(ii), B(2)(b)(iv), B(2)(b)(vii), D(4), D(5), E(5), E(6), F(4), H(1) and H(3).

E. Service Contracts, Forest Product Sales, and Agreements

General

1. **All stewardship contracting projects must be awarded on a “best value” basis, regardless of whether the solicitation is a service contract, forest product contract or a cooperative agreement.** In addition to cost, or price, the contracting officer must consider other “best value” factors, such as contractors past performance, technical approach, and local community benefits, in determining the contract award.
2. **The use of public or private entities such as counties, not-for-profit entities, or non-governmental organizations, should be considered when interest is expressed by such an entity. Therefore, when a non-traditional entity has expressed an interest in proposing, the project should not be set aside for small business. If no non-traditional entities have expressed an interest in proposing, the project should be set aside for small business under FAR Part 19.**
3. **The term “conservation credits” used in service and timber sale contracting will be replaced with the term “stewardship credits” to be consistent with language used by the U.S. Forest Service.**
4. When required by law, bonding must be used to protect the public interest. When not required by law, bonding may be used when deemed necessary.
 - a) Payment protection in the form of payment bonds should be used to protect the value of the by-product to be removed when the product will be removed prior to payment or the contractor’s earning of **stewardship** credits under the contract.
 - b) If necessary, performance bonds **may** be used to cover the value of the service to be provided.
 - c) **When required**, (i) performance bond value should be set at no less than 20% of the value of the awarded service work; and (ii) payment bonds should be at least equal to the value of the by-product not covered by cash payment and/or earned **stewardship** credits.
 - d) Contracting officers are encouraged to strive toward the concept of a single bond to cover "performance", which would include the product value (payment) and the service work rolled into one bond. The value of the bond would be the larger of the performance bond or payment bond as described above.
 - e) If construction activities are included, bonding for the construction activities shall be in accordance with the Miller Act.
 - f) **When using forest product instruments for stewardship contracting, the payment bonds and stewardship credits combined shall cover the value of all**

forest by-products to be removed. The performance bond as required by 43 CFR 5400 shall cover 20% of the combined total service cost and by-product value.

5. Offices must ensure that the value of the product cut and/or removed does not exceed the value of the performance bond (not including the portion used to cover 20% of the awarded service work or Miller Act requirements) plus the value of any unpaid service work completed (stewardship credits) plus any cash deposits made by the contractor. **Field Offices will use SCID to track the volume and value of the products removed to ensure that contract bonding and service work (stewardship credits) cover the government's interests. SCID shall be updated on a monthly basis when the contract is active.**
6. If utilized, **stewardship** credits (the value of unpaid service work inspected & approved) earned by a contractor are not transferable to another stewardship contract held by the same contractor. **Stewardship** credits are automatically calculated in SCID.
7. **When it is determined that grazing permit(s)/lease(s) cannot be used to accomplish the desired vegetation management and this determination has been documented, livestock use may be authorized in a stewardship contract or agreement. The contract or agreement will establish any applicable limits and restrictions on the related livestock use. No authorizations or other provisions of the regulations in 43 CFR 4100 would be required or automatically apply to those situations. Using livestock as a vegetation treatment under the authority of stewardship contracting has no priority for renewal and cannot be transferred or assigned under any other authority.**
8. **Use the table titled "Decision Process-Agreement, Service Contract or Sale" in Exhibit 3. The table provides general guidance to aid in determining which instrument is appropriate to accomplish resource goals and objectives under stewardship contracting authority.**

Service Contracts

9. Stewardship contracting authority provides for the sale or exchange of vegetative material and the procurement of service **and construction** work within **a single** contract or agreement.
10. **For stewardship projects where the service cost is expected to exceed \$100,000, as prescribed in Federal Acquisition Regulations (FAR) 37.602-1(b), the solicitations must be prepared using performance-based acquisition techniques to the maximum extent practicable. More information will be available on the National Acquisition webpage at <http://web.blm.gov/natacq/>.**
11. For performance-based contracts, the government reserves the right to annually review and revise the performance standards by contract modification, over the life of the contract.

12. For stewardship projects below the \$100,000 **procurement threshold (the total cost of the service and construction is less than \$100,000)**, typical prescriptive contract language (provisions or stipulations) could be used as appropriate for the contract **based upon the objectives of the project.**
13. Service Contract Act wage rates apply to the service portion of stewardship contracts in excess of \$2,500 **solicited under FAR. Davis-Bacon Act wage rates apply to construction work in excess of \$2,000. Minimum wage rates do not apply to work related to removal of vegetative products. Solicitations should clearly specify which bid items are subject to wage rate requirements as applicable.**
14. **When solicited under the FAR, the contract is not subject to the requirements contained in 43 CFR, Part 5400, Sale of Forest Products. However, the requirements of the Mineral Material Act and the O&C Act found in 43 CFR 5400 still must be met. Soliciting under FAR does not preclude including these requirements within a stewardship contract to adequately protect the government's interests.**
15. **In all cases, export restrictions, transfer of title and non-substitution provisions (43 CFR, Part 5400) do apply.**

Forest Product Contracts

16. **A stewardship contract is not a timber sale contract and as such, forest by-products will not be the sole bid item.**
17. **When using the forest product sales instruments for stewardship projects, the Service Contract Act wage rates do not apply. Davis Bacon wage rates apply to construction work in excess of \$2,000.**
18. **Stewardship projects which are awarded and administered through the use of forest product sale contracts must follow both the BLM Stewardship Contracting Guidance and the regulations found in 43 CFR 5400, Sale of Forest Products, including:**
 - a) **The product value must be greater than the service cost.**
 - b) **The contract term must equal or be less than three years in duration.**
 - c) **The contract must be for less than 250 MBF, with the limited exceptions referenced in 43 CFR 5402.0-6. Forest products not normally measured in board feet are not constrained by the 250 MBF limitations.**
 - d) **The contract must be negotiated, not advertised (43 CFR 5450.1(a) requires awarding to the highest bidder while the stewardship authority requires awarding to the "best value").**
 - e) **Require a minimum performance bond in the amount of the sum of the product value amount specified in 43 CFR 5451.1 plus twenty percent of the service work cost.**
19. **Three forest product sale contract forms may be used for stewardship contracting: 5450-1 (Vegetative Resources Sale), 5450-3 (Lump Sum Sale), and 5450-4 (Scale Sale).**

20. To comply with the BLM Stewardship Contracting Guidance requirement for award based on “best value,” the minimum criteria to be utilized for the determination of “best value” shall be a weighted evaluation of:
- a) Submission of a written Technical Approach that details a specific description of how the contractor will plan for and accomplish the requirements under the contract.
 - b) Past performance.
 - c) Highest net positive value (product value minus service work cost).
21. The following Special Provisions must be included in the contract:
- a) “In addition to the authorities listed in this contract, this contract is made and entered into under the authority of the Omnibus Appropriations Bill of 2003 (P.L. 108-7), Section 323, which amended the Appropriations Bill of 1999 (P.L.105-277), Section 347”.
 - b) “Stewardship Credits: In addition to the payments required in Section 3 and the bonding requirements in Section 38 of this contract, the Purchaser may earn stewardship credits for stewardship project bid items completed and approved at the rates listed in the Exhibit B for the stewardship project bid items required in Section 41 (X). Cutting and/or removal of timber of a value not in excess of the sum of such stewardship credit and other payment bonds in Section 38 may be permitted prior to the payment of the second installment or subsequent installments. Stewardship credits may only be earned and used when the stewardship project bid item is completed and approved by the Authorized Officer in writing. *Provided, however*, that such stewardship credit shall be considered as payment under Section 7, for the purpose of passing title and risk of loss to timber sold.”

Agreements

22. Assistance agreements are designed to be used when the principle purpose of the arrangement is public support or stimulation, rather than to meet a need of the Government. Stewardship contracting projects are designed to achieve specific land management goals, consistent with applicable land use plans. As such, use of assistance agreements to implement stewardship contracting project treatments must be carefully screened and limited use of such agreements may result. Grants are not appropriate instruments for stewardship contracting. (See Agreements Handbook H-1511-1)
23. Decisions to use Assistance Agreements rather than contracts must comply with existing BLM guidance implementing the Grants and Cooperative Agreements Act of 1977, as amended.
25. A chart providing guidance for the basic steps to be taken when developing a Stewardship Cooperative Agreement is provided in Exhibit 3. The Assistance Officer

and Stewardship Project Lead must determine if a cooperative agreement to assist the non-federal party may be achieved through best-value competition or in a maximum benefit noncompetitive environment, or use a contract tool to achieve the objectives if the Statement of Programmatic Involvement/Instrument Selection Determination (SPI/ISD) indicates that the principal purpose of the agreement is to meet the BLM need. Possible best value/maximum benefit considerations are listed in Exhibit 3.

26. All requirements for stewardship contracts also apply to cooperative agreements, including bonding (cash, bond, work performed, etc. (see section E(4 & 5), financial accountability and administration requirements as contained in the OMB Cost Principles for assistance awards. Additional policy for agreement applications are found in BLM Manual 1511.
27. Prior to determining that a stewardship project can be achieved by a cooperative agreement, the Contracting Officer/Assistance Officer must send the SPI/ISD and the Project Management Plan through the State Procurement Analyst for approval/concurrence and to the Procurement Analyst, WO-850 for review and approval. The WO-850 Procurement Analyst will forward to WO-270 for review.
28. All stewardship cooperative agreements will be limited to the disposal of less than 250 MBF of timber as defined in 43 CFR 5400.0-5. Limited exceptions exist to exceed the 250 MBF limitation; however at no time shall the cooperative agreement exceed 2 MMBF of timber. These exceptions are referenced in 43 CFR 5402.0-6 (c). In cases where the proposed cooperative agreement exceeds the 250 MBF limitation, a justification must be prepared by the Field Manager and State Procurement Analyst and approved by the State Director prior to submitting the SPI/ISP to the WO. This approval is separate from the approvals listed in (B)(2). Forest products (vegetative material) not normally measured in board feet, such as fuelwood, posts and chips, are not constrained by the 250 MBF limitation.
29. All stewardship cooperative agreements which include forest by-products must include the product volume and value per unit and the requirements for the proper transfer of title, export restrictions and performance and payment guaranties as listed in G(10), G(12), G(13) and G(16). Descriptive clauses are included in the stewardship cooperative agreement template (Exhibit 4).
30. When it is determined that an agreement is the appropriate instrument for a stewardship project, offices may wish to utilize a negotiated forest products contract for the disposal of forest products rather than include these clauses in the cooperative agreement. This option would be included in the Project Management Plan for items that the participant and the Bureau agree to do.

F. Value Offset

1. The value of vegetative material **being removed** may be used to offset the amount of appropriated funds necessary to accomplish service **or construction** work as part of a stewardship contracting project.
2. **By-products** that may be removed under stewardship contracting authority include vegetative material, such as, but not limited to sawlogs, firewood, post and poles, biomass, seed, shrubs, forage, and Christmas trees. **The State program lead for the specific by-product will review the applicable stewardship contract or agreement as applicable to ensure volume determination (cruise) policies and program standards are adhered to (see section 2B(b)(c)E(3)).** See Special Forest Product Handbook, H-5400-2.
3. Vegetative material removed will be appraised at fair market value. Where practicable, and warranted by the market for such material, the value of the material will either be determined through a competitive bidding process or will be a specific required element of the best value criteria. In all cases, the value of the by-product for exchange must equal or exceed the appraised fair market value. **State program leads for the specific vegetative material removed will review all stewardship contracts or agreements as applicable to ensure cost or value determination (appraisal) policies and program standards are adhered to. See section B(2)(b)(c).** Guidance on appraising the value of this material is provided in Exhibit 5, Forest Products Appraisal Guidance for Stewardship Contracting. **See State specific Miscellaneous Forest Products Price Schedule, H-9352.**
4. The value of the vegetative material and the cost of the services to be performed must be clearly documented in the contract **or agreement** and **in SCID** (see section H (1)). As the contract is performed, the Field Office will record the actual volume and value (based on the contract bid price) removed, services performed, and net payments made as outlined in **"Financial and Progress Tracking"** (Section H).
5. **When using livestock as a vegetation treatment, the vegetation used could be considered a bid item. In this case, an open market situation exists and the contracting officer would have several options to establish a minimum product value including: 1) setting the minimum bid as zero, 2) use the private pasture rate for the applicable State, or 3) performing a market analysis to determine appropriate by-product value if any.**

G. Excess Receipts

1. When the value of the vegetative material exceeds the cost of the service work being performed in a stewardship project, the BLM is authorized to retain the excess receipts and to apply them to other stewardship projects without further appropriation.
2. Excess receipt collections from stewardship contracting projects shall be deposited according to BLM collection procedures into the Stewardship Project Fund (5921) and managed according to the definition and requirements contained in the BLM Fund Coding Handbook, H-1684-1. **Additional direction for deposits of excess receipts and suspense deposits associated with administration of the stewardship contracts are detailed in**

Guidance on Entering Stewardship Contracting Collections into the Collections and Billing System (IM BC-2005-032), Exhibit 6. See also Exhibit 7, Subactivity 5921 Description.

3. In general, excess receipts shall be used to fund other stewardship projects within the State where the receipts were generated, as allocated by the State Director.
4. Funds generated as excess offset values from other stewardship contracting projects may also be used to fund the collaborative process, **programmatic** multi-party monitoring, and direct on-the-ground implementation costs. Excess offset values shall not be used to fund program planning, environmental assessments, **project monitoring**, overhead, administrative, or indirect costs. Managers may consult with the public and interested stakeholders early in the collaborative process for input on where excess offset values could be utilized within a stewardship project.

H. Financial and Progress Tracking

1. The volume and value of vegetative material removed, the amount and value of services performed, and any payments made (by contractor or government) will be clearly documented by the **COR/PI/CA** throughout the administration of the stewardship project. The **COR/PI/CA** will use SCID to track product cut and removal data. These reports will be updated monthly when contracts are active.
2. Tracking of stewardship contracting projects will document the bid value of the product being removed and the type, amount, and value of the service work being performed in exchange for this product (see section F (1)). This will provide a portion of the audit trail required of government expenditures.
3. **For purposes of reporting, stewardship contracts or agreements which include using livestock as a vegetation management tool shall be tracked in SCID, the same as other projects.**

I. Monitoring

1. BLM will use multiparty monitoring open to all interested parties to monitor and evaluate a representative sampling of projects and programs at the appropriate levels. Project level monitoring should be conducted where sufficient public interest exists and funding and/or sufficient volunteer workforce permits. Where adequate funding does not exist to support multiparty monitoring, excess offset values may be used to conduct multi-party monitoring (see Section G (4)).
2. WO-270 will coordinate with the Forest Service on an appropriate timeframe, to establish and/or conduct interagency multi-party monitoring for evaluating and reporting on collaboration and the role of local communities and other external stakeholders in the

development of stewardship contracting contracts and agreements. One objective of this monitoring effort is to analyze the effectiveness of stewardship contracting relative to other management tools.

K. List of Exhibits

Exhibit 1. **Project Review and Checklist**

Exhibit 2. Stewardship Proposal Format

Exhibit 3. Stewardship Decision Process-Agreement or Contract

Exhibit 4. Stewardship Cooperative Agreement Template

Exhibit 5. Forest Products Appraisal Guidance for Stewardship Contracts

Exhibit 6. BC-2005-032, Guidance on Entering Stewardship Contracting Collections into the Collections and Billing System (CBS)

Exhibit 7. Subactivity 5921 Description

Exhibit 8. The Act – Omnibus Appropriations Bill 2003,(P.L. 108-7)

EXHIBIT 1 - Stewardship Project Review & Checklist

Project Name: _____

State/Field Office: _____

Prepared by: _____

Subactivity/FFS Project Code: _____

Stewardship Objectives:					Yes	No	Comments	
Road and Trail Maintenance or obliteration for improved water quality								
Soil productivity, habitat for wildlife and fisheries, or other resource values								
Setting prescribed fires to improving composition, structure, condition and health of stands or to improve wildlife habitat								
Removing vegetation or other activities to promote healthy forest stands, reduce fire hazards or achieve other land management objectives								
Watershed restoration and maintenance								
Restoration and maintenance of wildlife and fish habitat								
Control of noxious and exotic weeds, and reestablishing native plant species								
Other Criteria:					Yes	No	Comments	
Will the project restore and maintain ecological processes to achieve conditions within the normal range of variability?								
Was or will an open, collaborative process be used to define local and rural community needs?								
Current status of NEPA – Completed ?								
Project	Field Office	Contract Type	Acres	Service Cost	Product Value	Vegetative Product		

Project Review Narrative:

Stewardship Coordinator

Deputy State Director

State Director

Checklist for submitting stewardship proposals to State Directors

Fill out the review sheet (page1) which can be attached to the BPS submission. Highlight in the summary and in the BPS sheet:

- ☐ A level of collaboration and cooperation – who and when?
- ☐ Status of NEPA – when completed and what form (CX, DNA, EA, EIS)? Note: If the NEPA is outdated, explain the plans to update the NEPA.
- ☐ Primary and secondary objectives of the project – tie back to seven goals in the authority.
- ☐ Outreach plan for reaching potential contractors (marketing).
- ☐ Plans for monitoring the project, such as national fire plan monitoring.

Include the following information in the BPS write-up:

- ☐ Project name
- ☐ Field office
- ☐ Point of contact
- ☐ Acres to be treated
- ☐ Number of years for the project (1-10 years)
- ☐ If relevant, existing project code (e.g. for projects already in NFPORS)
- ☐ Service cost
- ☐ Product (fuelwood, energy biomass, sawlogs, mixed, posts and poles, etc)
- ☐ Product volume (tons, MBF, etc)
- ☐ Product value
- ☐ Distance to a regional airport, such as “30 miles SW of Reno.”
- ☐ Schedule: estimated dates for package to contracting, award date, and “start work” date.
- ☐ Funding: what fund in what years for both the BLM’s costs (prep, administration, etc) and service work (use table in BPS). There is no “stewardship” funding. Fuels funding should be secured through NFPORS!
- ☐ Service First. If this is a joint project with another agency, give a brief description of the combined project, which agency has the lead, and other relevant information.

DO NOT Submit projects that:

- ☹ Involve trading goods from private lands.
- ☹ Have a primary objective of cutting timber and or making money.
- ☹ Include little or no collaboration.
- ☹ Trade products for services which are not a by-product of the treatment. For example, do not propose trading forage that’s under an existing allotment for thinning of juniper.

Tips:

- ☺ If the project includes sage grouse habitat, explain what benefits will occur.

EXHIBIT 2 - STEWARDSHIP PROPOSAL FORMAT

Project Title: XYZ CREEK STEWARDSHIP PROJECT

Budget FY: 2004

Begin Budget FY: 2004

End Budget FY: 2007

State: WO

Congressional District:

Office: WO270

Theme: RU-7 :Healthy Forest –Stewardship Contracting

Description: **OBJECTIVE: (RESPOND TO THE 7 OBJECTIVES OF STEWARDSHIP HERE)** The primary objective of this project is to reestablish the sagebrush steppe (rangeland health) in an area where western juniper has increased to the point of crowding out the desirable shrub understory. A secondary objective is to reduce fuel buildup to historic levels (hazardous fuels) and reintroduce periodic low intensity fire into the ecosystem (setting fires). **PROPOSAL: (REASONABLY DETAILED DESCRIPTION HERE)** Thin and remove dense juniper, leaving 5-20 larger trees/acre in groups or singly on the 900 acre project area. Treatment boundaries would be irregular and treatments would be located to create a mosaic of thinned and un-thinned areas. After juniper removal, understory burn the area and reseed with native grasses, shrubs and forbs. Rip and block existing 2 track roads in area to reduce off road vehicle use. Fence the riparian areas in the project to reduce livestock access and bank trampling.

Geographic Description: XYZ CREEK WATERSHED, GUNNISON FO, 250 miles from Denver **(GIVE GOOD LOCATION TO SOME GEOGRAPHIC FEATURE, i.e. DRAINAGE or community and Field Office Name and distance from a regional airport)**

Benefits: **(COULD BE PASTED FROM EA)** Removing the juniper would improve important deer winter range, reduce cattle impacts to riparian areas in the allotment, reestablishment of fire regimes in the ecosystem, and reduce soil erosion caused by OHV. It would increase local employment and supply fuelwood to the area. **(VOLUME & VALUE OF PRODUCTS)** Estimate for product value offset is fuelwood is 2 to 3 cords/acre on the 900 acre project area. Current value of fuelwood is \$5/cord for 2000 cords and \$10,000.

Feasibility: **(INCLUDE POTENTIAL MARKET OR NOT FOR PRODUCT)** It is expected that the project would be accomplished by using the fuels IDIQ contract to cut and remove the fuel wood, construct the riparian enclosures and close the 2 track roads. Market outreach shows there is a demand for the forest products and available contracting community. **(INSERT STATUS OF NEPA HERE)** The NEPA for this project was done using a combination of the new fuels CX for cutting and removal of juniper and broadcast burning. And EA was prepared for the riparian enclosure and ripping the roads. The CX and EA/DR were signed in January 04 **(INFORMATION ON PLANNED OR COMPLETED COLLABORATION HERE)** The area has an active resource advisory council (RAC) which supports this proposal, the grazing permittee is supportive. The project was developed in collaboration with the local Trout Unlimited, Colorado Fish & Game, and an interested citizens group. The grazing permittee is very supportive and is interested in bidding on this contract.

Support - Opposition: The area has an active resource advisory council (RAC) which supports this proposal, the grazing permittee is supportive. The project was developed in collaboration with the local Trout Unlimited, Colorado Fish & Game, and an interested citizens group. The grazing permittee is very supportive and is interested in bidding on this contract.

Contact: SCOTT LIEURANCE

Phone: 202-452-0316

Email: scott_lieurance@blm.gov

Project Type: Stewardship

Mission Goals: 01.02, 02.02

Performance Measures: 01.02.03.02, 02.02.02.01, 02.02.03.01, 02.02.03.02

Subject Function Codes: 1740, 5402, 5600, 6700, 7000, 8340, 9214, 9217

FFS Project Code: SC01 **INCLUDE NFPORS # HERE**

Submitted: SubOffice Submit: **Yes** Office Submit: **Yes** State Submit: **Yes** BLM Submit: No

Priorities: SubOffice Priority: 1 Office Priority: 2 State Priority: 3 BLM Priority: 0

FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
\$0	\$34,000	\$7,000	\$32,500	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Proposed Detail Funding

Total Detail Requested Amount: \$72,500[illegible]

The total cost of the contract is \$31,500 for consideration of performance based solicitation contract (PBSC), and this would be a “simple” acquisition and not PBSC.

Proposed Workload

FY	Subactivities	Fund Source:	Workload Measure	Workload Measure Unit	Resource Amount
2004	2823	CB	BT -Forest and Woodland Vegetation Inventory (Acres)	900	\$1,000
2004	2823	CB	MT -Hazardous Fuel Reduction Treatments Monitored (Acres)	500	\$1,500
2004	2823	CB	JM -Fuel Management Treatments Outside of the wildland urban interface (Acres)	500	\$30,000
2004	1020	FS	JA -Shrub and Grassland Vegetation Treatments Applied (Acres)	0	\$1,500
2005	2823	CB	JM -Fuel Management Treatments Outside of the wildland urban interface (Acres)	400	\$2,500
2005	2823	CB	MT -Hazardous Fuel Reduction Treatments Monitored (Acres)	400	\$2,500
2006	2823	CB	JM -Fuel Management Treatments Outside of the wildland urban interface (Acres)	900	\$22,500
2006	5920	PV	JB – Riparian Project Constructed	8	\$5,000
2006	5920	PV	JG -Stream/Riparian Treatments (miles)	2	\$0
2006	5920	PV	HS –Roads Constructed/Maintained	5	\$5,000
2007	1020	FS	JA -Shrub and Grassland Vegetation Treatments Applied (Acres)	100	\$0
2007	2823	CB	MT -Hazardous Fuel Reduction Treatments Monitored (Acres)	900	\$1,000

Exhibit 3 - DECISION PROCESS – AGREEMENT, SERVICE CONTRACT OR SALE

- 1. The following table provides general direction for determining whether an agreement, service contract or forest product sale is the appropriate instrument for accomplishing resource goals and objectives under the stewardship authority.**

Primary Tests	Cooperative Agreement	Service Contract	Timber/Vegetative Sale Contract 43 CFR 5400 5450-1 (vegetative sales) 5450-3 (lump sum) 5450-4 (scaled)	
Is the principle purpose public support or stimulation? That is, does it forward the mission of the proposed partner/applicant, other than for monetary gain, as well as addressing the Government's resource management goals and objectives?	Yes	No	No	
Will the project generate excess receipts?	Could	Could	Required	
Other Considerations *				
Will the agency have substantial, ongoing involvement in the project?	Yes	No	No	
Does the project encompass cost sharing principles?	Yes	May	No	
Is the entity a non-profit, state, local government or educational institution?	Yes	May	May	
Is the entity a for profit business?	Could	Yes	Could	
Is the project of a highly complex nature?	No	Yes	No 5450-1	Yes 5450-3 & 5450-4
Potential for contract disputes? Note, no formal dispute resolution process exists for agreements.	No	Yes	Yes	
Does project failure pose substantial risk to the agency, i.e. non-accomplishment of specific mandated land management goals?	No	Yes	Yes	
Will the project create significant financial risks for either party?	No	Yes	Yes	
Will the project pose significant safety liability risks for either party?	No	Yes	Yes	
Has similar work been effectively and efficiently competed as a contract in the past?	No	Yes	Yes	
Are the product values and volumes under the maximum limits?	Based on Agreement Officers warrant and 250 MBF	Based on Contracting Officers warrant	250 MBF	
Maximum Contract/Agreement Term	10 years	10 years	3 years	3 years
Is performance/payment bonding required?	Atypical	Optional	Optional	Required
Who is the authorizing official?	Agreements Officer	Contracting Officer	Field Manager	

* In addition to the "Primary Test," one or more answers under "Other Considerations" could indicate or point towards the applicability of an agreement or contract; however, all answers must be viewed when making a determination. There also may be instances where the "Primary Test" points in one direction, yet all or a majority of the "Other Considerations" point in another. When in doubt, seek guidance from your State Procurement Analyst, Grants and Agreement Specialist or Contracting Officer.

2. DETERMINATION OF BEST VALUE /MAXIMUM BENEFIT

This is the process and criteria by which a government official, either when discriminating between competing proposals or negotiating an agreement in a wholly noncompetitive environment, evaluates a proposed application. It is a critical examination of the proposed agreement in light of the needs of the government to establish what value the total action has to the government. It is important to remember that the needs of the Government and the non-monetary objectives of the proposing cooperator or recipient can and should be in substantial alignment (and, in fact, this is one important indication of the appropriate use of an agreement rather than a contract). Thus, a well-conceived agreement will articulate and maximize the interest of both parties.

Rather than the traditional “best value” process used to evaluate multiple proposals in competitive negotiations, this concept can refer to negotiating the terms of stewardship agreements in wholly or substantially noncompetitive environments. Once the concept of an agreement has been advanced, evaluation factors pertinent to the project should be developed that will drive and form the path and context of negotiation and any subsequent agreement, ensuring that both the Government’s and the cooperator’s or recipient’s objectives are addressed and met.

3. POSSIBLE BEST VALUE/MAXIMUM BENEFIT CONSIDERATIONS

- Extent of mutual interest and benefit
- Advantages and effectiveness of mutual participation
 - Mixed ownership
 - Joint expertise
- Factors relevant to cost; e.g., volunteerism, donations, matching
- Evaluation and determination of risk-sharing; Financial and Program Risks
- Biomass material removal and utilization plan

If, in light of these considerations the assistance officer determines that the best value may be achieved through competition, then consider competition of an agreement or use of a contract tool to achieve the objectives.

EXHIBIT 4 – SAMPLE STEWARDSHIP AGREEMENT & PROJECT O & M PLAN (13 PAGES)

Form 1511-1 (February 1989)		United States Department of the Interior Bureau of Land Management		PAGE 1 OF 13 PAGES																
<p style="text-align: center;">ASSISTANCE AGREEMENT</p> <p>NOTE: By signing this document, the recipient accepts this agreement and agrees to perform in accordance with all the enclosed terms, conditions, and documents attached hereto.</p>				1. AGREEMENT NO.																
				2. TASK ORDER NO.																
				3. TYPE OF AGREEMENT (<i>Check one</i>) <input type="checkbox"/> GRANT <input type="checkbox"/> COOPERATIVE AGREEMENT																
4. NAME, ADDRESS AND PHONE NO. OF ASSISTANCE OFFICER			5. NAME, ADDRESS AND PHONE NO. OF RECIPIENT																	
6. NAME, ADDRESS AND PHONE NO. OF ASSISTANCE REP			7. NAME, ADDRESS AND PHONE NO. OF RECIPIENT'S PROJECT MGR																	
8. PROGRAM STATUTORY AUTHORITY: <i>Section 323 of Public Law 108-7, as amended by Public Law 105-277, Sec. 347, and under the Act of July 31, 1947 (Mineral Materials Act), (61 Stat. 681), as amended, (30 U.S.C. Secs. 601-604).</i>			9. STARTING DATE (See Block 17C)																	
10. EFFECTIVE DATE			11. COMPLETION DATE																	
12. TYPE OF RECIPIENT (<i>Check one</i>) <input type="checkbox"/> STATE <input type="checkbox"/> LOCAL GOVERNMENT <input type="checkbox"/> INDIAN TRIBAL GOVERNMENT <input type="checkbox"/> EDUCATIONAL INSTITUTION <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> FOR-PROFIT ORGANIZATION <input type="checkbox"/> NON-PROFIT ORGANIZATION <input type="checkbox"/> OTHER (SPECIFY)			13. FUNDING INFORMATION <table> <tr> <td></td> <td style="text-align: center;">Recipient</td> <td style="text-align: center;">BLM</td> </tr> <tr> <td>This obligation</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Previous obligation</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Total obligation</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Share Ratio</td> <td>_____ %</td> <td>_____ %</td> </tr> </table>				Recipient	BLM	This obligation	\$ _____	\$ _____	Previous obligation	\$ _____	\$ _____	Total obligation	\$ _____	\$ _____	Share Ratio	_____ %	_____ %
	Recipient	BLM																		
This obligation	\$ _____	\$ _____																		
Previous obligation	\$ _____	\$ _____																		
Total obligation	\$ _____	\$ _____																		
Share Ratio	_____ %	_____ %																		
14. ACCOUNTING AND APPROPRIATION DATA																				
15. PROJECT TITLE AND BRIEF SUMMARY OF THE PURPOSE AND OBJECTIVES																				
16a. NAME AND TITLE OF SIGNER (<i>Type or print</i>)			17a. NAME AND TITLE OF ASSISTANCE ORDERING OFFICER (<i>Type or print</i>)																	
16b. RECIPIENT	16c. DATE SIGNED	17b. UNITED STATES OF AMERICA	17c. DATE SIGNED																	
_____ (<i>Authorized Signature</i>)		BY _____ (<i>Signature of Assistance Officer</i>)																		

I. Statement of Joint Objectives

A. Purpose. This agreement is made and entered into by the Department of the Interior, Bureau of Land Management, [Insert your] State Office (BLM), and the * (*), for the purpose of entering into a stewardship agreement to

Comment: After completing the * information in the "Purpose" paragraph below, add a short sentence (in broad terms) explaining what is going to be accomplished by this agreement. Don't get this confused with the next paragraph, "Objective", which is to be explained in detail. These cannot be something BLM is required to complete or this project will need to be accomplished by contract action.

B. Objective.

C. Authority. The basis for this agreement is found on support or stimulation of a public purpose authorized by the following Federal statute(s):

1. Section 323 of Public Law 108-7, which states that, by agreement or contract, the BLM may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs.

D. Benefits. The activity to be undertaken through this agreement are in furtherance of the BLM and the recipient's mission by the providing the following benefits:

Comment: Identify the benefits to the recipient, the public and BLM. List all benefits that will result from the performance of the project.

1.

2.

II. Definitions.

Comment: Add or delete any definition(s) as appropriate for this agreement. If you add or delete any definitions you may need to change the alphabetical letters.

A. Agreement: This cooperative agreement.

B. Assistance Officer (AO): The BLM's Assistance Officer. The AO is the only individual authorized to obligate funds, award, modify or terminate the agreement.

C. Assistance Representative (AR): The BLM's Assistance Representative. The AR will be designated for the purpose of administering the technical aspect of the agreement. The AR is authorized to clarify technical requirements, and to review and approve work which is clearly within the scope of the work specified in this agreement. The AR is not authorized to issue changes or in any other way modify this agreement.

D. The Bureau of Land Management (BLM). May also be referred to as Bureau.

E. The Code of Federal Regulations (CFR).

F. Fiscal Year (FY): The Federal fiscal year which extends from October 1 of one year through September 30 of the following year.

G. The * (*). May also be referred to as recipient.

H. Not-to-Exceed (NTE) Amount: The maximum Federal funding amount.

I. The Office of Management and Budget (OMB).

J. Project Inspector (PI): The BLM's project inspector. At the time of award, a BLM employee(s) may be appointed as the PI. If appointed, the PI will be responsible for providing on-site inspection of the work and for giving the recipient's representative any special instructions, guidance, or training necessary to complete or perform the work. The PI will not be authorized to issue changes or in any way modify the agreement.

K. Project Manager: The recipient's Project Manager. Provides oversight for this agreement.

L. Responsible Official: The recipient's Responsible Official. The responsible official is the individual who is authorized to act for the recipient's organization and commit the recipient to compliance with the terms and conditions of this agreement.

M. Stewardship-specific Definitions:

Biomass - Any portion of any tree, designated for cutting, which does not meet the utilization standards for sawlog set forth in the agreement. The anticipated product of this material is wood chip for fuel or mulch. This material includes non-sawlog quality products.

Brush - A woody perennial plant such as mountain mahogany.

Chip - The chipping of undesirable vegetation. Slash created during chipping shall not exceed 1 inch diameter and 3 inches in length and shall be spread to a depth of no more than 2 inches in depth.

Controlled Area - Areas delineated by flagging for the purpose of protecting sensitive plants or heritage resources. The areas are marked on the ground.

Cut-tree - A tree that is designated by the BLM for felling, and may be marked with blue paint at and above the stump.

DBH - Diameter at breast height; the diameter of a tree measured at a point 4.5 feet above the ground on the uphill side of the tree.

DMR - Dwarf Mistletoe Rating

Drainage - ditches and culverts

Grapple Pile - Piling slash both existing and created in piles or windrows with a tracked machine that has a boom capable of reaching 15 feet and has a grapple mounted on the end of the boom.

Kelly Humps - An earthen berm 4 to 6 feet in height and placed at a right angle to the road or trail in order to deny vehicle access.

Comment: This is the recipient's name and initials. State the type of Governmental organization it is - such as State, County, or Tribal and how it is organized. An example is "Montana Department of Fish and Game (MDF&G), a State agency under the Governor of Montana. This paragraph may need to be moved so it is in alphabetical order.

Comment: Delete the following "Project Inspector" paragraph if you do not plan to appoint a project inspector(s).

Comment: Explain the duties of the recipient's project manager. This is the individual who is responsible for the day-to-day operations of the agreement, accomplishes the tasks and probably prepares the reports, etc.

Comment: The recipient's Responsible Officer is the person responsible for signing the agreement and is responsible for making sure all work is completed as specified in the agreement. Don't get this mixed up with the Project Manager who is the person responsible for the day-to-day operations and accomplishes the project work.

Landing - Area used to stage and load forest products just prior to removal from the block.

Leave Tree - A tree that is designated by the BLM, for ecological reasons as required to leave, and may be marked with orange paint.

Mastication - The mowing/mulching/chipping of undesirable vegetation. Slash created during mastication shall not exceed 3 inches diameter and 18 inches in length and shall be spread to a depth of no more than 6 inches in depth.

Pile - Piles shall be compact, dirt free, and constructed to promote complete and efficient combustion. Piles shall be a minimum of 10 feet in height and a maximum of 30 feet in diameter and constructed to maximize height instead of width. All material protruding beyond 4 feet of the pile shall be severed and placed back into the pile for burning. Recipient shall employ techniques and equipment that insure dirt free piles

POL (Product Other than Logs) - Timber with a DBH of 5.0 – 7.5 inches for Douglas-Fir or Engelmann spruce and timber with a DBH less than 5.6 inches for lodgepole pine.

POL Deck - Piles of POL boles 5 feet high, free of limbs and tops, dirt free and located in the BLM designated landings

Project Area - The area where all operations must be contained within, with the exception of hauling.

Sawlog - Timber which has a DBH of 6.0 inches or greater, 16 feet in length, with minimum top diameter 4.5 inches dib.

Slash -Vegetative debris generated by Recipient's operation (i.e. limbs and tops).

Snag - Any dead standing tree.

Stump Height -Shall not exceed 6 inches measured from the ground on the uphill side for sawlogs or 4 inches for un-merchantable material; or 4 inches above natural obstacles (boulders, wildlife logs, etc.).

Timber - standing trees, downed trees, logs, or portions thereof, which are capable of being measured in board feet and cubic feet.

III. Project Management Plan (PMP)

A. The Recipient agrees to:

[If the project is long-term, and plans are not developed specifically for each year/phase, this PMP should cover the entire scope/summary for the project and a Stewardship Project Operation and Management Plan (attached at end of template) will be developed for each phase of the project. Otherwise, all details of the work plan are entered here.]

1. (Include description of work to be performed, quantity, and the value. May be more than one line item.)

Comment: Identify the respective roles, responsibilities, obligations, and accountability which each participant to the agreement will assume in its effort to achieve the stated joint objectives.

List everything the recipient is required to perform and how the project and performance will be measured to evaluate the objectives.

Provide the details for the resources, such as services, facilities, equipment, materials, supplies, personnel, that the BLM and the recipient will provide, and a schedule indicating when they will be provided.

You may want to add another paragraph ("The * and the BLM mutually agree to:") for everything the recipient and BLM agree to do together. This paragraph may be the first or last paragraph to this section.

2. (Include description of the product to be removed, quantity, and the value. May be more than one line item.)

3. (insert if required) Proof of a fully executed bond shall be submitted within 10 business days of receiving the fully executed cooperative agreement. Work must not start until an acceptable bond has been received by the Assistance Officer. Bonds shall be obtained from companies holding certificates of authority as acceptable sureties as prescribed in 31 CFR part 223, Surety Companies Doing Business with the United States.

4. Indirect costs are

B. The BLM agrees to:

- 1.
- 2.

Comment: For cooperative agreements, provide an explicit statement of the nature, character, and extent of anticipated BLM involvement. This statement must be developed with care to avoid unnecessarily increasing the BLM's liability under the cooperative agreement.

C. Both Parties agree to the following Stewardship Agreement Requirements:

1. Payments: It is anticipated that funds will be exchanged in the performance of this agreement, and that the value of the timber will not offset the value of the work to be performed. Any payment for work performed, will be made in accordance with this agreement, Section IX. Payments.

2. The value of work and timber being removed will be documented in a statement of account.

3. Stewardship Credits: Stewardship Credits (SC) are credits that are earned and established when work listed in the Project Management Plan (PMP) has been performed and accepted. SC shall be earned at the rate as shown in the PMP. Earned SC may be used to pay for included timber value. Unless otherwise indicated in the PMP, credits will be earned based upon Actual Quantities accomplished and accepted.

4. Notwithstanding references to payments, payment for work activities will be made with SCs under: Establishment of Stewardship Credits or Cash Payment for Stewardship Activities.

5. Establishment of Stewardship Credits: Stewardship Credits (SC) will be established on a monthly basis. SC will be established for the number of units of each activity that have been completed and accepted. Acceptance may be for all, or a reasonable portion of, any specific activity. SC will not be established for work that is in progress that has not been accepted by the BLM. No SC will be established for work performed under Timber Removal (TR).

6. Excess Stewardship Credits: In the event there are unused established SC when all of the included timber has been cut and removed, the BLM and the recipient will work together to decide if we shall either add more timber or make cash payment for the unused SC.

7. Excess Timber Value: In the event the value of the included timber exceeds the total value of all of the mandatory activities plus any optional activities, if identified in the PMP for which the recipient has completed services, the recipient shall make cash payment for

the excess timber value. Payments will begin in the first month that excess receipts have been accumulated and continue monthly based on harvested volume and value.

8. Advance Deposits: Recipient agrees to establish SC, provide a payment bond above the minimum amount specified, or make cash deposits to the Timber Removal Account (TRA) in advance of cutting, to meet charges specified in the special project specification for timber harvest.

BLM billings for advance cash deposits shall be in such amount that, together with SC and the performance bond, will maintain an unobligated balance that covers the applicable charges for cutting and designated material expected to be cut within the next 90 days.

The recipient shall make cash deposits to meet recipient's obligations within 15 calendar days of billing by the BLM. Deposits shall be made to the BLM, by mail or delivery to Collections Officer at address to be furnished by the BLM. An explanation of billings will be issued at the time of each request for such deposits.

If at any time the value of established, unused SC plus the amount of the performance bond and advance cash deposits is not sufficient to cover the charges for timber estimated quantity to be cut in 10 days of cutting designated material, the cutting of timber will be suspended until such time as more SC are established or cash is deposited in the TRA.

9. Refund of Excess Cash: If at any time the credit balance of TRA exceeds the charges for timber and or designated material that the BLM estimates will be cut within the next 90 calendar days, any portion of such excess that is due to cash in the account shall be refunded if requested by recipient.

If no cutting is planned within the next 60 calendar days, refund of the entire unencumbered cash balance may be made. After a refund for a shutdown, deposits shall be made to meet the requirements of Advance Deposits before additional timber may be cut.

10. Cash Payment for Stewardship Activities: In lieu of providing timber for established SC the BLM may elect to pay the recipient cash or credit to the TRA on the recipient's statement of account. Or, upon completion of all work, if SCs remain, payment may be made in accordance with the Section IX, Payments.

11. Recipient Certification: Monthly, as SC are established, the recipient shall furnish a statement to the Government identify credits.

12. Certification of Work Accomplished: The Recipient is responsible to provide a statement to the Government for each portion of work for which credit will be given. Reference SC. Each statement shall identify, for each portion of work being reported, the specific work that has been accomplished. Upon approval by the Assistance Officer, Credit or Payment will be processed.

13. Current Agreement Rates: Included timber that is designated for cutting shall be paid for or SC established prior to operations at the rates specified in this agreement.

14. Rate Redetermination: Agreement unit prices (Rates) may be redetermined as set forth in this section.

15. Rate Redetermination for Environmental Modification or Catastrophic Damage: In the event of an agreement modification due to environmental modification or catastrophic damage, the Assistance Officer may require a new Budget Information SF-424A.

16. Other Payment Rates: If timber is found to be cut by mistake, timber damaged without negligence or unnecessarily damaged or willfully cut by the recipient, the recipient will be subject to liquidated damages. This likely will cause substantial silvicultural or other damage to public lands that will be difficult, if not impossible, to determine the amount of such damage. Therefore, the recipient shall pay a rate of triple stumpage, or \$125.00, per tree for negligent and or inadvertent cutting or willfully damaging of trees. If designated, recipient shall remove such damaged or cut timber.

Comment: AO to check with forester to confirm dollar amount.

17. Log Export: All timber sold to the Participant under the terms of this agreement is restricted from export from the United States in the form of unprocessed timber, and is prohibited from being used as a substitute for exported private timber. For the purpose of this agreement, unprocessed timber is defined as (1) any logs except those of utility grade or below, such as sawlogs, peeler logs, and pulp logs; (2) cants or squares to be subsequently remanufactured exceeding eight and three-quarters (8 3/4) inches in thickness; (3) split or round bolts or other roundwood not processed to standards and specifications suitable for end product uses; or (4) western red cedar lumber which does not meet lumber of American Lumber Standards Grades of Number 3 dimension or better, or Pacific Lumber Inspection Bureau R-List Grades of Number 3 Common or better. Thus, timber manufactured into the following will be considered processed: (1) lumber and construction timbers regardless of size, manufactured to standards and specifications suitable for end-product uses; (2) chips, pulp and pulp products; (3) green or dry veneer and plywood; (4) poles and piling cut or treated for use as such; (5) cants, squares, and lumber cut for remanufacturing of eight and three-quarters (8 3/4) inches in thickness or less; (6) shakes and shingles. Substitution will be determined under the definition found in 43 CFR 5400.0-5(n). The Participant is required to maintain and upon request to furnish the following information:

- a. Date of last export sale.
- b. Volume of timber contained in last export sale.
- c. Volume of timber exported in the past twelve (12) months from the date of last export sale.
- d. Volume of Federal timber purchased in the past twelve (12) months from date of last export sale.
- e. Volume of timber exported in succeeding twelve (12) months from date of last export sale.
- f. Volume of Federal timber purchased in succeeding twelve (12) months from date of last export sale.

In the event an affiliate of the Participant has exported nonexempt unprocessed timber within twelve (12) months prior to purchasing or otherwise acquiring nonexempt unprocessed timber sold under this contract, the Purchaser shall, upon request, obtain from the affiliate information

in a form specified by the Authorized Officer and furnish the information to the Authorized Officer.

IV. Term of Agreement. This agreement shall become effective on the date of signature of the BLM Assistance Officer and shall remain in effect for (insert agreed upon period) unless terminated in accordance with the provisions of 43 CFR, Subpart C, Section 12.84. This agreement may be renewed for subsequent FYs, not to exceed (not to exceed 10 years beyond FY2013), subject to the availability of federal funding and by written modification signed by both parties to this agreement.

Comment: Stewardship authority expires in 2013.

V. Financial Support.

A. This agreement is funded based on the availability of BLM funding. The recipient hereby releases the BLM from all liability due to failure of Congress to appropriate funds for this agreement.

B. Funds obligated but not expended in one FY can be carried forward and expended in the subsequent FY.

C. \$* represents the estimated amount for which the BLM will be responsible under the terms of this agreement. The BLM shall not be obligated to pay for nor shall the recipient be obligated to perform any effort that will require the expenditure of Federal funds above the NTE amount. (If applicable add current FY NTE amount).

D. Cost sharing for this agreement shall be in accordance with 43 CFR, Subpart C, Section 12.64.

Comment: If there are cost sharing requirements in this agreement state the requirements in the following paragraph. It may also be advisable to add "and the SF-424A, Budget Information - Nonconstruction Programs, which is attached hereto" at the end of the paragraph below. Challenge cost share agreements must state the matching requirements. Review 43 CFR, Subpart C, Section 12.65 for requirements. This paragraph is optional.

E. Program income for this agreement shall be in accordance with 43 CFR, Subpart C, Section 12.65 (must specify alternative in paragraph (g) for use of program income)

VI. CCR Registration.

After award, but no later than 14 days before an invoice or agreement financing request is submitted, the Recipient shall register themselves and maintain their own information through the CCR web site.

1. Obtain a valid Dun & Bradstreet Number (D&B) from Dun & Bradstreet @ <http://www.dnb.com/> or by calling them at 800-333-0505.
2. Register on the Central Contractor Registration System (CCR) @ <http://www.ccr.gov>

VII. Payments

A. Financial Management Service's (FMS), Automated Standard Application for Payment (ASAP) System.

1. Payments under this agreement will be made by the United States Department of Treasury, FMS, ASAP system. ASAP is a recipient-initiated, on-line payment and information system for Financial Assistance Agreements that is recipient initiated. The recipient will request federal funds that are due directly from the Federal Reserve Bank.

2. Recipient enrollment in ASAP is accomplished in one of the two following ways:

a. Recipients *already participating with another Federal agency* need only complete the attached ASAP Participation Request form (see Attachment No. 1) and fax or mail it to the number or address listed on the form.

b. Recipients *not currently enrolled in the ASAP system* should complete the attached ASAP Participation Request form (see Attachment No. 1) and fax or mail it to the number or address listed on the form. The recipient will then receive a Department of Treasury enrollment handbook and enrollment form. The recipient will complete and return those forms to the Department of the Treasury and they will send the recipient the ASAP Passport software along with a CD-ROM tutorial. The Department of Treasury will establish an ASAP Requestor ID for the recipient as well as an Organization Access Code (OAC), User ID, and Password that will serve to segregate the recipient users and their access to certain functions of the on-line system. In addition, the data is encrypted in order to ensure the privacy of the data as it is sent from the user to ASAP.

3. Once the recipient has been assigned an ASAP Requestor ID by the Department of Treasury, the BLM Assistance Officer will create an ASAP Account ID unique to this agreement. The first nine characters will be the agreement number (reference block 1 of agreement cover page, BLM Form 1511-1). The remaining three characters will identify BLM funding line items. Drawdown of funds will be taken from specific lines on this agreement. The task order/modification will be stamped to indicate the appropriate line number for the drawdown.

Comment: At the end of this paragraph you may want to provide instructions for the recipient so they know what order the funds are to be drawn down. You may want to include a sentence such as: "Drawdown of funds should be made in fund line item order, beginning with 001 (last three characters of the Account ID. As we learn more about ASAP works we will modify this comment."

B. The recipient will be required to complete a SF 269A, Financial Status Report and mail or fax it to the Assistance Officer at the same time they make an ASAP fund drawdown. Stewardship agreement recipients are subject to Agency review at this time.

VIII. Property Management and Disposition.

Any BLM property used or other property acquired under this agreement, including intangible property such as copyrights and patents shall be governed by the provisions of 43 CFR, Subpart F, Section 12.930 through 12.937. The BLM assumes no liability for any actions or activities conducted under this agreement except to the extent that recourse or remedies are provided by Congress under the Federal Tort Claims Act [28 U.S.C. 1346(b), 2401(b), 2671 - 2680, as amended by P.L. 89-506, 80 Stat. 306].

Passage of Title and Risk of Loss – Title to timber sold, traded or disposed of under this agreement shall remain in Government and shall not pass to the recipient until such timber has been paid for and removed from the project area. For timber sold, traded, or disposed of under this agreement, risk of loss shall be borne by recipient after the timber is cut; provided, however, that if loss results from a fire which was not caused by recipient, his contractors, subcontractors, or the employees of any of them, the risk of loss shall be borne by the party holding title. Risk of loss to Government shall not exceed the value of such timber computed at the prices per unit for the species involved as set forth in Project Management Plan. Nothing herein shall be construed to relieve either party from liability or any wrongful or negligent act.

IX. Deliverables and Reports.

A. Financial Status Reports (FSR): Reports of expenditures are required as documentation of the financial status of awards according to the official accounting records of the recipient's organization. The recipient shall submit one copy of the quarterly FSR, the SF 269A, Financial Status Report (Short Form) and detailed information of costs, to report the status of funds for this agreement. The FSR should reflect the approved budget submitted with the SF 424A, Budget Information – Non-Construction Programs. The quarterly report(s) shall be sent to the Assistance Officer and are due 30 calendar days after the end of the reporting period. The recipient will report program outlays and program income on a cash basis. The final FSR is due to the AO 90 calendar days after the expiration or termination of grant support.

B. Performance Reports: Recipient shall submit one copy of the quarterly performance report(s) to the Assistance Officer within 30 days after the end of the reporting period. The progress report must be prepared in accordance with 43 CFR, Subpart F, Section 12.951 and address items such as a comparison of actual accomplishments with established goals, reasons why goals may not have been met, cost overruns and any other pertinent information.

C. Progress Reports: Recipient shall submit one copy of the quarterly progress report to the Assistance Officer within 30 days after the end of the reporting period. The progress report must include

X. Key Officials.

A. Assistance Officer (AO)

Bureau of Land Management
State Office/District Office
Address
Phone

B. Assistance Representative (AR)

Bureau of Land Management
State Office/District Office
Address
Phone

C. Project Inspector (PI)

*

Bureau of Land Management
State Office/District Office
Address
Phone

D. Responsible Official

*(Recipients name and address

*

*

Telephone Number (*) *

Comment: DON'T GET PERFORMANCE REPORTS CONFUSED WITH PROGRESS REPORTS.

This paragraph is not required exactly as is and may be changed as appropriate if you have additional reporting requirements. It would also be allowable to have semiannual or annual performance reports specific to your project and a annual report for the information requested below.

At a minimum, you must require an annual performance report. Performance reports may not be required more often than quarterly, but are required at least yearly. Quarterly or semi-annual reports shall be due 30 calendar days after the end of the reporting period. Annual reports are due 90 days after the end of the reporting period. No more than two copies of reports can be required.

Comment: Progress reports must specify the pertinent technical data requirements, administrative information, and/or reports to be generated in performance of the project, the manner and times in which information will be submitted, the responsibilities of the recipient in acting upon information generated and the mutual support to be provided to the recipient's management information system. The progress report should reflect the reimbursements shown on the FSR.

Comment: The Project Inspector paragraph below is optional and should be included only if you will appoint a PI after award of the agreement. The PI appointment letter should be included with the award letter to the recipient.

E. Project Manager

*(Recipients name and address

*

*

Telephone Number (*) *

XI. Special Terms and Conditions.

A. Order of Precedence. Any inconsistency in this agreement shall be resolved by giving precedence in the following order: (a) Any national policy requirements and administrative management standards; (b) requirements of the applicable OMB Circulars and Treasury regulations; (c) 43 CFR Part 12; (d) special terms and conditions; and (e) all Agreement sections, documents, exhibits, and attachments.

B. Amendments. This agreement may be amended by written agreement signed by both a recipient official and the Assistance Officer. Administrative changes (i.e. AO name change) which do not change the project management plan, NTE amount, etc. or otherwise affect the recipient may be signed unilaterally by the AO.

C. Officials Not to Benefit. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share of this agreement, or to any share of this agreement, or to any benefit arising from it. However, this clause does not apply to this agreement to the extent that this agreement is made with a corporation's general benefit.

D. Deposit of Publications. Two (2) copies of each applicable publication produced under this agreement shall be sent to the Natural Resources Library with a transmittal that identifies the sender and the publication, and states that the publication is intended for deposit in the Natural Resources Library. Publications shall be sent to the following address:

U.S. Department of the Interior
Natural Resources Library
Interior Service Center
Gifts and Exchanges Section
1849 C Street, N.W.
Washington, D.C. 20240

Comment: If this agreement requires the recipient to produce a report(s) or a publication, include the following clause in your agreement. This is a requirement in DOI Departmental Manual, Part 505, Chapter 4, Deposit of Publications produced Under Grants. The following are exceptions: Administrative instruments, classified information, material otherwise marked against unauthorized disclosure, and tentative drafts such as preliminary planning reports that will appear later in revised form.

XII. Standard Award Terms and Conditions

A. This agreement incorporates the Standard Award Terms and Conditions found at the following Department of the Interior website as if they were given here:

<http://www.doi.gov/pam/TermsandConditions.html>. Upon request, the AO will provide the recipient a copy.

Standard Award Terms and Conditions:

Acceptance of a Federal Financial Assistance award from the Department of the Interior (DOI) carries with it the responsibility to be aware of and comply with the terms and conditions of award. Acceptance is defined as the start of work, drawing down funds, or accepting the award via electronic means. Awards are based on the application submitted to, and as approved by DOI

and are subject to the terms and conditions incorporated either directly or by reference in the following:

- Program legislation\regulation.
- Special terms and conditions.
- Code of Federal Regulations/Regulatory Requirements, as applicable (Contact your program officer with any questions regarding the applicability of the following):

[43 CFR 12\(A\) Administrative and Audit Requirements and Cost Principles for Assistance Programs](#)

[43 CFR 12\(E\) Buy American Requirements for Assistance Programs](#)

[43 CFR 12\(C\) Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local](#)

[43 CFR 12\(F\) Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, other Non-Profit and Commercial Organizations](#)

[43 CFR 43 Governmentwide Requirements for a Drug-Free Workplace](#)

[43 CFR 42 Governmentwide Debarment and Suspension \(Nonprocurement\)](#)

[43 CFR 18 New Restrictions on Lobbying](#)

B. Single Audit Act Amendments of 1996, Public Law 104-156, 110 Stat. 1396, 31 U.S.C. 750 1-7 and 43 CFR, Part 12, is incorporated by reference.

C. Compliance With Buy American Act.

1. Pursuant to sec. 307 of the Omnibus Consolidated Appropriations Act of 1997, Public Law 104-208, 110 Stat. 3009, please be advised of the following: In the case of any equipment or product that may be authorized to be purchased with financial assistance provided using funds made available in this act, it is the sense of the Congress that entities receiving the assistance should, in expending the assistance, purchase only American-made equipment and products.

2. Recipient agrees to follow the requirements in 43 CFR Part 12, Subpart E, Buy American Requirements for Assistance Programs.

D. Opposition to Any Legislation. In accordance with the Consolidated Appropriations Act, 2005, Division E, Title III, Section 304, Recipient shall not use any part of the Government's funds for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which Congressional action is not complete.

E. Endorsements. Recipient shall not publicize or otherwise circulate, promotional material (such as advertisements, sales brochures, press releases, speeches, still and motion pictures, articles, manuscripts or other publications) which states or implies governmental, Departmental, bureau, or government employee endorsement of a product, service, or position

which the recipient represents. No release of information relating to this award may state or imply that the Government approves of the recipient's work products, or considers the recipient's work product to be superior to other products or services.

All information submitted for publication or other public releases of information regarding this project shall carry the following disclaimer:

The views and conclusions contained in this document are those of the authors and should not be interpreted as representing the opinions or policies of the U.S. Government. Mention of trade names or commercial products does not constitute their endorsement by the U.S. Government.

Recipient must obtain prior Government approval for any public information releases concerning this award which refer to the Department of the Interior or any bureau or employee (by name or title). The specific text, layout photographs, etc. of the proposed release must be submitted with the request for approval.

A recipient further agrees to include this provision in a subaward to and subrecipient, except for a subaward to a State government, a local government, or to a federally recognized Indian tribal Government.

F. Retention and Access Requirements for Records. All recipient financial and programmatic records submitted by recipients, supporting documents, statistical records, and other grants-related records shall be maintained in accordance with 43 CFR 12.82 or 12.953, as applicable.

G. Increasing Seat Belt Use. Recipients of grants/cooperative agreements and/or sub-awards are encouraged to adopt and enforce on-the-job seat belt use policies and programs for their employees when operating company-owned, rented, or personally owned vehicles. These measures include, but are not limited to, conducting education, awareness, and other appropriate programs for their employees about the importance of wearing seat belts and the consequences of not wearing them.

**ATTACHMENT - STEWARDSHIP PROJECT OPERATION AND MANAGEMENT PLAN
(Developed and agreed to by both parties)**

I. Project Management Plan (PMP) under Cooperative Agreement No.**

A. The Recipient agrees to:

1. (include description of work to be performed and the value)
2. (include description of the product to be removed, quantity, and the value)
3. (insert if required) Proof of a fully executed bond shall be submitted within 10 business days of receiving the fully executed cooperative agreement. Work must not start until an acceptable bond has been received by the Assistance Officer. Bonds shall be obtained from companies holding certificates of authority as acceptable sureties as prescribed in 31 CFR part 223, Surety Companies Doing Business with the United States.

4. Indirect costs are

B. The BLM agrees to:

- 1.
- 2.

II. Scope Of This Plan

The Cooperator and the BLM will develop and agree to a Treatment Plan and Schedule to accomplish the project objectives, and organize and direct all of the equipment and personnel needed to fully accomplish the work. Both the Cooperator and the BLM will furnish all technical expertise, labor, equipment, supervision, transportation, operating supplies, and incidentals necessary to complete the work required. The Treatment Plan and Schedule will be agreed upon by both parties and incorporated into the Agreement. All changes to the Treatment Plan will be agreed to prior to the changes taking effect.

A. The Cooperator will submit:

A draft Treatment Plan and Schedule that is compliant with the treatment prescriptions, resource objectives, and mitigation of resource impacts identified by the Bureau of Land Management, Redding Field Office, for this Agreement.

A draft Quality Control Plan which will be reviewed by BLM personnel and finalized by both parties.

B. The Treatment Plan and Schedule shall include as a minimum the following items:

Product removal – felling, and transportation of fuelwood, slashing operations, hauling operations, equipment involved.

Road Maintenance – Temporary access route specifications, rehab procedures, and equipment involved

Safety Plan – to include traffic control, and identification of hazards

Fire Prevention Plan – prevention and control of fires, detailed list of personnel and equipment

Slash Plan – equipment and techniques used

Schedule for completion of objectives

III. Project Location And Description

Location: The project area is located in: (See Project map)

Access: The project area is accessed by:

Description:

IV. Definitions

Add any others not in the main agreement, or those to be emphasized.

EXHIBIT 5 - FOREST PRODUCTS APPRAISAL GUIDANCE FOR STEWARDSHIP CONTRACTING

APPLICABLE TO ALL APPRAISALS

Conduct and document a current market analysis or qualified appraisal to determine the feasibility of timber and/or fiber removal and utilization, rather than on-site disposal. In situations with established viable markets, analysis is not required. This appraisal guidance is written to apply to a service or construction contract with an embedded forest product “sale.”

APPRAISAL OPTION 1 – Forest Products with Positive Appraised Value(s)

1. Scenario A: Separately appraise the forest products by type (e.g., sawlog v. biomass) or by cutting area. A mixed-type appraisal is acceptable if the same form of utilization is anticipated from the market analysis. Appraise the forest products from the stump to the utilization facility making allowances for all direct costs (e.g., falling, bucking, yarding, hauling, and all necessary legally-enabling environmental mitigations). If the appraised price (stumpage value) is greater than zero, then separately appraise the remaining land management service treatments and/or construction in the overall project (contract) for the service or construction contract bid estimate. The value of the forest products represents the “goods” that will be traded for services in a stewardship contract. This value leverages the appropriated funds, thereby accomplishing the service work at a lower cost to the Government. The contract would be offered with two or more bid items. A separate bid item or items will be established for the forest products with the appraised value of the forest products set as a minimum bid or bids. Other bid items will be established for the service or construction work.

Bidding Process: Generally, offerors would bid on all items on an all-or-none basis for contract award. The bid for the service work minus the bid for the forest products equals the “offset value” or the quantity of appropriated funds that must be obligated and ultimately paid to the Contractor, barring any contract modifications. The offerors bid on forest products with the knowledge that they will not actually pay these prices, rather it represents the value that is traded for services, and they bid on the service or construction work accordingly. The lowest offset value would be considered along with the Evaluation Factors for Award (best value) to select the most qualified bidder.

2. Scenario B: If the forest products appraised price in Scenario A is less than zero, begin an iterative adjustment of the appraisal by deleting costs first from the stump (falling) going all the way to the utilization facility (hauling) until a greater-than-zero appraised value is calculated (if possible). If the sales value (pond value) at the utilization facility is insufficient to cover even the hauling costs (a deficit appraisal with the only allowances being hauling, and profit and risk), either: (1) set the value at zero or 10 percent of pond value, and continue in accordance with the Bidding Process in Scenario A if there is a reasonable possibility that prospective bidders would submit a bid on the forest products; or (2) proceed to Option 2. Continuing with Scenario B, the forest products harvest costs to be covered in the service work appraisal must constitute legitimate (benefiting subactivity concept) use of the intended appropriated fund(s). The loading and hauling to a utilization center may not be a legitimate cost if, for example, to meet fuels hazard objectives using the Fuels Hazard Reduction account it is less costly to pile and burn the material on site. The solicitation would require a greater-than-zero bid to be submitted for the forest products if the bidder intends to remove the material from the site (presumably it has some value if they intend to utilize it). The contract must also prescribe

yarding/landing/loading/hauling requirements and associated environmental mitigations to be followed in the event the Contractor elects to remove the forest products.

APPRAISAL OPTION 2 – Appraisal with a Sizeable Negative Value

There may be situations when there is no known or reasonably anticipated market for the forest products on the contract area, or the calculated appraised value is so negative it is unlikely that a greater-than-zero bid would be submitted. In these situations, the solicitation would be set up with only an appraised price or prices (one or more bid items) for the service or construction work and the contract would grant rights of removal of the forest products. Presumably, if there is a market such that the forest products can be utilized, the successful bid for the service work would be less, and the Government would be “made whole” for any utilization value of the forest products.



United States Department of the Interior
BUREAU OF LAND MANAGEMENT
National Business Center
Denver Federal Center, Building 50
P. O Box 25047
Denver, CO 80225-0047



EXHIBIT 6

In Reply Refer To:
1372/5200 (BC-620) P

March 28, 2004

EMS TRANSMISSION

Instruction Memorandum No. BC-2005-032

Expires: 09/30/2006

To: All State and Field Offices

From: Director, National Business Center

Subject: Guidance on Entering Stewardship Contracting Collections into the Collections and Billing System (CBS)

Program Area: Forest Products, Collections and Billings System (CBS).

Purpose: This Instruction Memorandum (IM) identifies the appropriate Commodity, Subject, and Actions (CSAs) and applicable fund codes for CBS entries relating to stewardship contracting receipts and provides guidance on when to use these CSAs.

Policy/Action: The following CSAs have been set up in CBS and are to be used for applicable financial transactions associated with Stewardship Contracting:

Commodity – Stewardship Contracting

Subject – Stewardship Contracting Forest Products

Action – Stewardship Contracting Deposit for Future Refund (455)

Action – Stewardship Contracting Payment Bond (455)

Action – Stewardship Contracting Performance Bond (455)

Action – Stewardship Contracting BLM Excess Receipts (5920)

Attachment 1 provides guidance on how to make entries in CBS under different possible scenarios associated with Stewardship Contracting.

Timeframe: This IM is effective upon receipt.

Budget Impact: None.

Background: The BLM was authorized in the Omnibus Appropriations Act of 2003 (PL 108-7, Section 323) to enter into stewardship contracting projects to achieve land management goals on public lands. This new authority allows the BLM to enter into long-term contracts or agreements (up to 10 years in length) where contractors can perform service work on the ground and receive forest products of value as a form of payment for their work. Any excess receipts can be applied to other stewardship projects without further appropriation.

In January 2004, the BLM issued IM 2004-081, which provides additional background information on Stewardship Contracting as well as providing guidance on the implementation of these projects. As Stewardship Contracts have been awarded and performance has begun, several questions relating to how collections associated with these projects are to be handled have arisen from the field office. This IM provides guidance on to how collections are to be entered in CBS.

Manual/Handbook Sections Affected: None.

Coordination: This document was coordinated with the Washington Office Forest and Woodland Management Group (WO-270), and the National Business Center's Collections and Billing Branch, BC-621.

Contact: If you have any questions, please contact Tim Bottomley, ST-170, at (303) 236-0681, or Lynda Whipple, BC-621, at 303-236-3533.

Signed by:
Thomas F. Boyd
Director, National Business Center

Authenticated by:
Barbara Guest
BC-610 Secretary

1 Attachment

1 - Collections Solutions to Stewardship Contracting Scenarios (5 pp)

Distribution

ST-150, BLM Llibrary
HR-220, Robert Martinez

Collections Solutions to Stewardship Contracting Scenarios

The collections solutions described below were developed to provide guidance to the field on likely performance scenarios for stewardship contracts and are intended to supplement existing regulations and procedures. Some stewardship contracts may have unique collections situations that will require additional communication between field offices and the BLM's National Business Center (NBC), BC-620, to accomplish land and resource management goals, assure efficient performance, and ensure proper accounting standards.

Stewardship contract projects create a unique situation where contractors can perform service work on the ground and receive forest products of value as a form of payment for their work. In stewardship contracts, the approved service work can be accredited to the contractor as conservation credits, which are expressed in a dollar value.

One requirement in common between regular timber sales and stewardship contracting is that, prior to cutting and/or removing any forest products from BLM-administered lands, a contractor must either pay in advance for the wood product or provide some form of security as a payment bond. The types of bonds a contractor can provide (e.g. Bond of Corporate Surety, Personal Surety, Cash, Letter of Credit, etc.) are discussed in the 5400-1 Handbook, section IV.A. In stewardship contracts, the contractor has the additional option of utilizing earned conservation credits in lieu of an advance payment or a payment bond.

The scenarios described below are separated into three main categories, based on the specific stewardship contract situation. They are:

1. Stewardship Contracts where the Service Cost is greater than Product Value
2. Stewardship Contracts where the Product Value is greater than the Service Cost
3. Stewardship Contracts where Product Value and Service Cost are equal

Any specific stewardship contract will be in one, and only one, of these above categories, which will be based on the outcome of the contract award. Once a stewardship contract is awarded, it will stay in its specific category unless there is a significant contract modification. Since CBS entries are very dependent on the specific situation related to a particular stewardship contract, close and continual coordination between the field office accounting technician and the forester/contract inspector is essential to determine the appropriate CBS entry at any particular time.

This attachment addresses situations at the point of collections. However, there will be times that a bill will first need to be created in CBS. The preparation of bills will be very similar to regular forest product sales, with the primary difference being the use of conservation credits. For example, bills will not be created for performance or payment bonds, nor for advance payments. Specifically, for stewardship contracts, bills will not be created when the value of conservation credits already earned exceeds the value of the forest product to be removed.

An Accounts Receivable (AR) bill must be created using the appropriate Commodity, Subject, and Action (CSA) entries when a payment bond is in place, the forest product value harvested equals the payment bond, and there are no available earned conservation credits.

1. *Stewardship Contracts where the Service Cost is greater than Product Value*

The end result of this stewardship contracting category is a payment by the BLM to the contractor that should total the difference of the Service Cost minus the Product Value. While normal payments to contractors by the BLM are not a function of CBS, stewardship contracting provisions usually allow for the harvesting of the forest product (the Product Value portion of the contract) prior to the performance of the service work. BLM regulations require that prior to the cutting and removal of forest products, a contractor who has not yet earned conservation credits must either pay BLM the value of this wood or provide some form of payment bond. Therefore, CBS entries may be required during the performance of the stewardship contract even though the contractor will eventually be reimbursed. Two situations are outlined below with the appropriate CBS CSA entries.

a. Contractor harvests products prior to performing service work

The contractor submits a cash payment(s) for the value of the forest products to BLM prior to the cutting/removal of the forest product.

Cash payments should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Deposit for Future Refund (455)

Note: The corresponding Treasury Fund Symbol for BLM Fund Code 455 is 14X6500.011 – BLM Deposit Suspense Account.

Once the contractor performs service work that exceeds the value of the product removed, the payments deposited earlier should be refunded back to the contractor via CBS.

Similar to regular forest product sales, the contractor has the option of utilizing a payment bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of payment bonds can negate the need for any use of the "... Deposit for Future Refund" CBS entry. While unlikely, the contractor does have the option of providing a cash payment bond.

Funds received for a cash payment bond should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Payment Bond (455)

Conservation credits, once earned, could also be used to satisfy any remaining payment bond balance. Once cash payment bonds are no longer needed, they can be refunded to the contractor via CBS. Other forms of payment bonds shall be returned similar to a regular forest product sale.

b. Contractor performs service work prior to harvesting products

The contractor will earn conservation credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned conservation credits without any advance payment or form of security. No payments to the BLM will be necessary, so there is no need for any CBS entries.

Payments to the Contractor for the service work performed in excess of the product value should follow established payment procedures for service contracts.

2. *Stewardship Contracts where the Product Value is greater than Service Cost*

The end result of this stewardship contracting category is a payment by the contractor to the BLM that should total the difference of the Product Value minus the Service Cost. This type of stewardship contract will be very similar to a regular BLM forest product sale; however the receipts will be entered into a different CBS CSA entry than regular forest product sales. The use of conservation credits is only applicable for stewardship contracts, and these credits cannot be used for regular forest product sales. Two situations are outlined below with the appropriate CBS entry codes.

a. Contractor harvests products prior to performing service work

Payments will be made to the BLM similar to a regular forest product sale. However, because only the difference between the product value minus the service cost is considered a receipt to BLM, contract payments will be considered as receipts in CBS until the threshold (product value minus service cost) is reached. These cash payments by the contractor should be entered into CBS, until the threshold is reached, as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting BLM Excess Receipts (5920)

Note: Subactivity 5920 actually falls under Fund Code 326, which corresponds to Treasury Fund Symbol 14X5506 – Stewardship Contract Product Sales, BLM.

If the contractor continues to harvest products above the threshold and prior to performing the service work in the contract, payments similar to the discussion in 1.a above, must be provided by the contractor and entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Deposit for Future Refund (455)

As the contractor performs service work and earns conservation credits, the value of those credits earned can be used to offset any product value payments until all service work is completed. Once this service work is completed and accepted by BLM, refunds of this overpayment (the amount over the threshold) can be processed.

Similar to regular forest product sales, the contractor has the option of utilizing a payment bond in lieu of a cash payment prior to the cutting or removal of any forest products. The use of payment bonds can negate the need for any use of the “... Deposit for Future Refund” CBS entry. While unlikely, the contractor does have the option of providing a cash payment bond. Funds received for a cash payment bond should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting Payment Bond (455)

Conservation credits, once earned, could also be used to satisfy any remaining payment bond balance. Once cash payment bonds are no longer needed, they can be refunded to the contractor via CBS. Other forms of payment bonds shall be returned similar to a regular forest product sale.

b. Contractor performs service work prior to harvesting products

The contractor will earn conservation credits at the rate and value specified in the contract. The contractor is permitted to cut/remove forest products up to the value of the earned conservation credits. No payments to the BLM will be necessary until the value of the forest products cut/removed exceeds the earned conservation credits. After that point, CBS entries are required and should be entered into CBS as:

Commodity – Stewardship Contracting
Subject – Stewardship Contracting Forest Products
Action – Stewardship Contracting BLM Excess Receipts (5920)

3. *Stewardship Contracts where there is equal Product Value and Service Cost*

While the end result of this stewardship contracting category is no final payments by the contractor or the BLM, as the contract progresses there may be some CBS entries.

a. Contractor harvests products prior to performing service work

The discussion in Scenario 1.a is applicable here.

b. Contractor performs service work prior to harvesting products

The discussion in Scenario 1.b is applicable here.

EXHIBIT 7

SUBACTIVITY: 5921

Stewardship Project Fund (SPF)

(Requires Project Code)

Includes all direct costs associated with the implementing and monitoring of stewardship projects on Public Domain Lands and on Oregon California Grant Lands and Coos Bay Wagon Road Lands in western Oregon. BLM is authorized to enter into stewardship projects for a 10 year period by the FY 2003 Omnibus Appropriations Act (P.L. 108-7). Stewardship projects are those activities used to accomplish one or more of the goals listed in P.L. 108-7, Section 323 (b) and meet local and rural community needs. In addition, a source for performance under a contract must be selected on a best value basis including consideration of other public and private contracts. The legislation authorizes the value of vegetative material to be applied as an offset against the cost of services received; and multi-year contract authority greater than five years but not to exceed ten years. P.L. 108-7 also authorizes BLM to retain residual receipts and apply the excess to other stewardship projects without further appropriation. Furthermore, the value of the services received and any payments made or resources provided by the contractor shall not be considered monies received from the public lands under any provision of law.

SPF funds are allocated to Field Offices by the State Office in the Annual Work Plan based upon identified need and approved project costs. Field Offices are directed to stay within their annual allocation and only expend funds on approved projects. All charges against subactivity 5921 must be accompanied by a project code that identifies it as a stewardship project. Project codes will be assigned from a discrete block of numbers by the Headquarters Office after projects have been reviewed. Where other projects codes have already been assigned, such as in the Fuels Program, those assigned project codes will be reported to the Headquarters Office and used to track the costs associated with those projects. No program overhead, administrative, or indirect costs may be coded to this account, including establishment of subactivity 0777 funds.

All excess receipts derived from these activities are to be deposited back into the SPF.

All receipts collected from approved stewardship contracts or agreements are to be deposited by the applicable office to the following fund codes:

<u>Commodity Code</u>	<u>FFS Fund Code</u>	<u>Fund Symbol</u>	<u>Fund Title</u>
XX	326	14X5506.001	Stewardship Project Funds

PE CODE	THE FOLLOWING PROGRAM ELEMENTS ARE APPROPRIATE	WORKLOAD MEASURE
HB	Construct/Maintain Recreation Sites	# Sites
HC	Construct/Maintain Trails	# Miles
HS	Maintain/Construct Roads	# Miles

PE CODE	THE FOLLOWING PROGRAM ELEMENTS ARE APPROPRIATE	WORKLOAD MEASURE
JA	Apply Shrub/Grass Vegetation Treatments	# Acres
JB	Construct Shrub/Grass/PJ/Forest Projects	# Projects
JC	Maintain Shrub/Grass/PJ/Forest Projects	# Projects
JD	Apply Weed Treatments	# Acres
JE	Restore Forests and Woodlands Through Sales	# Acres
JF	Apply Lake/Wetland Treatments	# Acres
JG	Apply Stream/Riparian Treatments	# Miles
JL	Apply Fire Rehab Treatments	# Acres
JM	Implement Fuels Treatments Outside WUI	# Acres
JN	Restore Forests and Woodlands Through Development	# Acres
JQ	Implement Fuels Treatments Mechanically outside the WUI	# Acres
JR	Implement Fuels Treatments by other Means outside the WUI	# Acres
JT	Reduce Fuels Mechanically WUI	# Acres
JU	Reduce Hazardous Fuels Other WUI	# Acres
JW	Implement Fuels Treatments Within WUI	# Acres
MB	Evaluate Forest and Woodland Treatments	# Acres
MK	Evaluate Weed Treatments	# Acres
MN	Monitor Lake/Wetland Habitat	# Acres
MO	Monitor Stream/Riparian Habitat	# Miles
MQ	Monitor Terrestrial Habitat	# Acres
MT	Monitor Fuels Treatments	# Acres
MU	Monitor Water Resources	# Acres
MX	Monitor Shrub/Grass Vegetation Treatments	# Acres
MZ	Monitor Fire Rehab Treatments	# Acres
RH	COLLECTIONS ONLY	None

EXHIBIT 8

STEWARDSHIP CONTRACTING: THE FY 2003 OMNIBUS APPROPRIATIONS BILL (P.L. 108-7), SECTION 323, amended Section 347 of the FY 1999 Appropriation Omnibus (P.L. 105-277, OCT. 21, 1998) that originally granted the U.S. Forest Service pilot stewardship contracting authority. The language below reflects these amendments to the pilot stewardship language and is the new authority granting BLM the ability to utilize stewardship contracting as a tool for forest and rangeland restoration.

SEC. 347 (as amended by Section 323 of P.L. 108-7)

STEWARDSHIP END RESULT CONTRACTING PROJECTS.

(a) IN GENERAL.—Until September 30, 2013, the Forest Service and the Bureau of Land Management, via agreement or contract as appropriate, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forest and the public lands that meet local and rural community needs;

(b) LAND MANAGEMENT GOALS.—The land management goals of a contract under subsection (a) may include, among other things—

- (1) road and trail maintenance or obliteration to restore or maintain water quality;
- (2) soil productivity, habitat for wildlife and fisheries, or other resource values;
- (3) setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat;
- (4) removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives;
- (5) watershed restoration and maintenance;
- (6) restoration and maintenance of wildlife and fish habitat; and 16 USC 2104 note.
- (7) control of noxious and exotic weeds and reestablishing native plant species.

(c) CONTRACTS.—

(1) PROCUREMENT PROCEDURE.—A source for performance of a contract under subsection (a) shall be selected on a bestvalue basis, including consideration of source under other public and private contracts.

(2) TERM.—A multiyear contract may be entered into under subsection (a) in accordance with section 304B of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 254c), except that the period of the contract may exceed 5 years but may not exceed 10 years.

(3) OFFSETS.—

(A) IN GENERAL.—In connection with contracts under subsection (a), the Forest Service and the Bureau of Land Management may apply the value of timber or other forest products removed as an offset against the cost of services received.

(B) METHODS OF APPRAISAL.—The value of timber or other forest products used as offsets under subparagraph (A)—

(i) shall be determined using appropriate methods of appraisal commensurate with the quantity of products to be removed;

(ii) may be determined using a unit of measure appropriate to the contracts; and

(iii) may include valuing products on a per-acre basis.

(4) RELATION TO OTHER LAWS.—The Forest Service and the Bureau of Land Management may enter into contracts under subsection (a), notwithstanding subsections (d) and (g) of section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a).

(5) CONTRACTING OFFICER. — Notwithstanding any other provision of law, the Secretary of Agriculture or the Secretary of the Interior may determine the appropriate contracting officer to enter into and administer an agreement or contract under subsection (a).

(d) RECEIPTS.—

(1) IN GENERAL.—The Forest Service and the Bureau of Land Management may collect monies from a contract under subsection (a) so long as such collection is a secondary objective of negotiating contracts that will best achieve the purposes of this section.

(2) USE.—Monies from a contract under subsection (a) may be retained by the Forest Service and the Bureau of Land Management and shall be available for expenditure without further appropriation at the project site from which the monies are collected or at another project site.

(3) RELATION TO OTHER LAWS.—The value of services received by the Forest Service or the Bureau of Land Management under a stewardship contract project conducted under this section, and any payments made or resources provided by the contractor or the Forest Service or the Bureau of Land Management under such a project, shall not be considered to be monies received from the National Forest System or the public lands under any provision of law. The Act of June 9, 1930 (16 U.S.C. 576 et seq.; commonly known as the Knutson-Vandenberg Act), shall not apply to stewardship contracts entered into under this section.

(e) COSTS OF REMOVAL.—The Forest Service may collect deposits from contractors covering the costs of removal of timber or other forest products pursuant to the Act of August 11, 1916 (39 Stat. 462, chapter 313; 16 U.S.C. 490); and the next to the last paragraph under the heading “Forest Service.” under the heading “Department of Agriculture” in the Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C. 498); notwithstanding the fact that the timber purchasers did not harvest the timber.

(f) PERFORMANCE AND PAYMENT GUARANTEES.—

(1) IN GENERAL.—The Forest Service and the Bureau of Land Management may require performance and payment bonds, in accordance with sections 103–2 and 103–2 of part 28 of the Federal Acquisition Regulation (48 C.F.R. 28.103–2, 28.103–3), in an amount that the contracting officer considers sufficient to protect the Government’s investment in receipts generated by the contractor from the estimated value of the forest products to be removed under contract under subsection (a).

(2) EXCESS OFFSET VALUE.—If the offset value of the forest products exceeds the value of the resource improvement treatments, the Forest Service and the Bureau of Land Management may—

(A) collect any residual receipts pursuant to the Act of June 9, 1930 (46 Stat. 527, chapter 416; 16 U.S.C.

(B) apply the excess to other authorized stewardship projects.

(g) MONITORING, EVALUATION AND REPORTING.—

The Forest Service and the Bureau of Land Management shall establish a multiparty monitoring and evaluation process that accesses the stewardship contracting projects conducted under this section. Besides the Forest Service and the Bureau of Land Management, participants in this process may include any cooperating governmental agencies, including tribal governments, and any interested groups or individuals. The Forest Service and the Bureau of Land Management shall report annually to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate on—

(1) the status of development, execution, and administration of contracts under subsection (a);

(2) the specific accomplishments that have resulted; and

(3) the role of local communities in development of contract plans.
